

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)	
OF WEST LAUREL WATER)	CASE NO. 7057-1
ASSOCIATION)	

O R D E R

On April 11, 1983, West Laurel Water Association ("West Laurel") filed its application with the Public Service Commission ("Commission") seeking approval of a purchased water adjustment clause and authority to adjust its rates in accordance with that clause. On April 15, 1983, the Commission ordered that additional information be filed. The required information was filed on April 22, 1983, and the record is now complete.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) The purchased water adjustment clause sought by West Laurel is in compliance with 807 KAR 5:067, Purchased Water Adjustment Clause, is in the best interest of the public, and should be approved.

(2) West Laurel purchases water from the Wood Creek Water District ("Wood Creek"). Wood Creek increased the wholesale cost of water from \$.65 to \$.80 per 1,000 gallons pursuant to an Order of the Commission in Case No. 8643, The

Application of Wood Creek Water District, Laurel County, Kentucky, dated March 14, 1983.

(3) The calculations made by West Laurel are incorrect in that they are based on purchases and sales for the 12-month period ending December 31, 1982, which is more than 90 days prior to the date of filing. However, West Laurel provided information as to purchases and sales for January, February and March, 1983, which is within 90 days of the date of filing as prescribed by 807 KAR 5:067(1)(b). The Commission is of the opinion that the purchased water adjustment should be based on the most recent information available and has, therefore, based its calculations on the 12-month period ending March 31, 1983.

(4) The statement of water purchased and sold filed by West Laurel shows that its line loss for the 12-month period ending March 31, 1983, is approximately 11 percent which is less than the maximum of 15 percent allowed by the Commission.

(5) The total allowable increase in purchased water costs is \$16,180 resulting in a purchased water adjustment in the amount of \$.17 per 1,000 gallons.

(6) The financial exhibits filed by West Laurel indicate that it cannot absorb an increase of this magnitude in the wholesale cost of water.

(7) The revised tariff sheets filed by West Laurel reflecting its proposed rates include minimum bills and usage levels for meters larger than 5/8-inch X 3/4-inch which

were not allowed by the Commission's Order in Case No. 5553,¹ dated November 19, 1971, establishing the rates to be charged by West Laurel. No application or tariff filing has been made by West Laurel requesting approval of the minimum bill rates. These rates should therefore be denied. Further, the Commission should investigate the matter for the purpose of determining whether minimum bill rates not previously approved by the Commission are being charged by West Laurel.

(8) The purchased water adjustment in the amount of \$.17 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment clause sought by West Laurel be and it hereby is approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that the proposed minimum bills and usage levels for meters larger than 5/8-inch X 3/4-inch be and they hereby are denied.

IT IS FURTHER ORDERED that the purchased water adjustment in the amount of \$.17 per 1,000 gallons and the rates in Appendix A be and they hereby are approved for service rendered on and after the date of this Order.

¹ Application for Certificate of Convenience and Necessity to Construct and Operate a Water Distribution System, to Approve Financing and Rates and for Authority to Incur Indebtedness.

IT IS FURTHER ORDERED that for the purpose of future application of the purchased water adjustment clause of West Laurel the base rate for purchased water shall be:

<u>Supplier</u>	<u>Rates</u>
Wood Creek Water District	\$.80 per 1,000 gallons

IT IS FURTHER ORDERED that within 30 days of the date of this Order, West Laurel shall file with the Commission its revised tariff sheets setting out the purchased water adjustment clause and the rates approved herein.

Done at Frankfort, Kentucky, this 23rd day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7057-1 DATED May 23, 1983.

The following rates are prescribed for customers served by West Laurel Water Association. All other rates and charges not mentioned specifically herein shall remain the same as those in effect prior to the effective date of this Order.

GALLONAGE BLOCK

RATES

First 1,000 gallons	\$6.17 (minimum)
Next 2,000 gallons	2.17 per 1,000 gallons
Next 2,000 gallons	1.77 per 1,000 gallons
Next 5,000 gallons	1.42 per 1,000 gallons
Over 10,000 gallons	1.07 per 1,000 gallons